

Azemi, Yllka, Ozuem, Wilson, Lancaster, Geoff and Lindridge, Andrew (2019)  
Service failure and recovery strategies in the Balkans: an exploratory study.  
Qualitative Market Research: An International Journal, 22 (3). pp. 472-496.

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## **Service failure and recovery strategies in the Balkans: an exploratory study**

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### **Abstract**

#### **Purpose**

Despite scholarly effort to understand customers' recovery evaluation, little progress is evident in deciphering how customers develop online failure/recovery perception. This paper addresses this issue.

#### **Design/methodology/approach**

Social constructivism was the epistemic choice for this study. This approach is holistic and offers a comprehensive understanding of each side of the phenomena. This provided social scientific descriptions of people and their cultural bases and built on, and articulated, what was implicit in interpretations of their views.

#### **Findings**

Online banking customer groups were identified as: exigent customers, solutionist customers and impulsive customers. Customers' positions in each group determined failure perception, recovery expectation and evaluation, and post-recovery behaviour. Comparisons were observed and discussed in relation to Albania and Kosovo. It was suggested that banks should expand their presence in social media platforms and offer a means to manage online customer communication and spread of online word-of-mouth (WOM).

#### **Research limitations/implications**

For exigent customers, the failure/recovery responsibility is embedded within the provider. This explains their high sensitivity and criteria to define a failure.

### **Practical implications**

Online banking customers' requests for a satisfactory recovery experience included: customer notifications, customer behaviour, customer determination, and the mediator of request. Providers should examine customer failure/recovery experiences in cooperation with other banks, which should lead to a higher order understanding of customer withdrawal and disengagement activities.

### **Social implications**

Post-recovery behaviour is linked to the decline of online banking usage, switching to new providers, and the spread of negative online and offline word-of-mouth.

### **Originality/value**

This is the first empirical study on online service failure and recovery strategy to provide information on customers' unique preferences and expectations in the recovery process. Online customers are organised into a threefold customer typology, and explanation for the providers' role in the online customer failure-recovery perception construct is presented.

## **Introduction**

Services marketing literature has provided valuable conceptual clarification of online service failure and recovery strategies (Azemi & Ozuem, 2016; Quach & Thaichon, 2017). Specifically, the detrimental consequences of service failures and the successful recovery strategies as mediators of such risks are well recognised (Wang et al., 2011; Chuang et al., 2012; Piercy & Archer-Brown, 2014). A rich research stream demonstrates multifarious recovery strategy types applicable to online service failures. Bonifield and Cole (2008) report downward social comparison strategy to manage the failure, used if empathy is given to a customer by comparing his/her loss with the loss others experience. Zhu et al. (2013) propose usage of customer self-recovery, suggesting no clear boundaries of the recovery responsibility between provider and customer. Weitzl and Hutzinger (2017) posit the accommodative over defensive recovery strategies as indispensable to the failure control. The former includes acknowledgment and acceptance of the failure responsibility, apology, and price reduction. The latter shows providers' refusal to confess the failure fault, and a tendency to relocate the responsibility to the complainant or third party.

Another stream of studies disclose customers' increased dissatisfaction after a recovery experience. Roggeveen et al. (2012) suggest that co-creation results in dissatisfaction if customers perceive that the company had included them unwillingly in the recovery activities. This contradicts Quach and Thaichon's (2017) findings that identify co-creation as the recovery strategy to generate customer satisfaction. Hazée et al. (2017) reveal a constrained role of co-creation in customer dissatisfaction for low equity brands. Further, Wirtz and Mattila (2004) report compensation as superfluous in prolonged recovery provision processes, although

compensation has traditionally been emphasised as the source of delight in failure-recovery (e.g. Smith et al., 1999). Recently, Chen et al. (2018) demonstrated online customers' perception of compensation in terms of moral judgement. They report that compensation gets acknowledged in a moral discourse, revealing that customers who perceive online failure as a morally affecting act perceive compensation as the strategy used for 'punishing the business for unintended outcomes' (p. 3).

These studies provide conflicting insights into what counts as a successful recovery strategy, posing an increased need for further research that supports congruity between the provider and the customer. Using Ringberg et al.'s (2007) work as the point of departure, the literature review espouses that academic marketing literature has not yet distilled the contextual aspects of failure and recovery strategies. This implies limited explanation of online customers' individual characteristics and how they explain recovery evaluation, reflecting the discrepancy between providers' recovery provision and customers' failure/recovery experience evaluation. Quach and Thaichon (2017) examine this, providing a fourfold typology of resources, which are information (knowledge granted to the customer to ease purchasing), services (a company's guidance to facilitate purchasing), love (customer inclination towards a brand), and status (customers' feeling after the purchase). This complements insight into the customers' subjective perception of failure origin as a multifarious one, and sets the ground for recovery strategy decision-making. However, their study is focused on the social media collaboration among luxury providers and customers, leaving unknown the customers' contextual perception of failure-recovery in other online settings and industries. Further, failure recovery studies are confined to understanding customers alone, whereby the role and say of the provider is predicated on an ad hoc basis strengthening the provider-customer incongruity (Ozuem & Lancaster, 2014; Weitzl & Hutzinger, 2017).

This study attempts to provide a comprehensive service failure/recovery strategy construct as a foundation for mutual provider and customer satisfaction. To reach this, we examine how online customers perceive the failure/recovery strategy experience, suggesting that their perception goes beyond the customer's subconscious. We also evaluate the providers' role in the process as a driving force to online customers' failure/recovery perception. The study focuses on the online banking failure recovery strategy in Kosovo and Albania. The rationale for choosing this as the research context is a twofold: first, online banking customers in Kosovo and Albania have a low-middle income and limited online banking experience (World Bank, 2018), both of which have been considered as vital determinants to evoke the customers' disclosure of their experiences (Piff et al., 2010). Secondly, Kosovans and Albanians have recognised online banking as the premise to advance on the usage of open market opportunities and improve on their standard of living. Subsequently, the pace of online banking usage in Kosovo and Albania is experiencing a rapid growth, and has become the main generator of economic development of the two countries (World Bank, 2018). This implies the existence of a broader scope of the customers' distinctive failure-recovery experiences supporting an inclusive conceptualisation of online failure-recovery.

This study contributes in several ways. First, we divert from the conventional perspective of assigning recovery strategies to treat consumers as a monolithic and homogeneous entity towards unique recovery preferences and expectations after service failure. In so doing, our study provides the first empirical evidence for the relational and contextual contributions to online consumers' varying preferences and expectations in the recovery process. Further, we see how providers explain failure recovery encounters, expanding existing insight beyond the customers' stand-alone stance, supporting conceptualisation of online failure-recovery as a joint provider-customer experience. Whereas extant failure/recovery literature has been developed within the brick-and-mortar domain

(Casado-Diaz & Nicolau-Gonzalbez, 2009; Ozuem and Lancaster, 2014), we examine service failure and recovery strategies in the online banking context. This is imperative due to practitioners' and scholars' acknowledgment of customers' increased online communication of the failure-recovery experience (Gu & Ye, 2014; Ribeiro et al., 2018).

Managerially, this study provides important suggestions for both customer relationship and brand development managers on how service failure and recovery strategies could be developed to gain sustainable competitive advantage in the banking sector. A context-specific model with determinants that complement a satisfactory failure/recovery experience for both the provider and the customer is developed. This provides practical implications to banks in particular and opens a new field for future academic inquiry.

### **Theoretical underpinnings**

Service failure arises if customers' expectations are not met, whereas recovery strategy is the activity that the provider utilises to overcome the incident (Bell & Zemke, 1987). In the last decade the need to understand the online failure/recovery strategy experience has been well recognised by a stream of services marketing researchers (Azemi & Ozuem, 2016). The customer-provider experience with the service failure and recovery strategy could be seen as a five-step process:

- (1) Service failure occurs (Bell & Zemke, 1987; Bitner, et al., 1990; Keaveney, 1995);
- (2) Service recovery expectations are generated (Miller et al., 2000; Ozuem & Lancaster, 2014);
- (3) A recovery strategy is provided (Dong et al., 2008; Roggeveen et al., 2012);
- (4) Recovery evaluation is produced (Smith & Bolton, 2002; Wirtz & Mattila, 2004);
- (5) Customers become involved in post-recovery behaviour (Kau & Loh, 2006; Matos et al., 2007).

A growing body of literature acknowledges a threefold online service failure typology, i.e. poor design – website design problems/lack of user experience, process failure – technical incidents that hinder completion of the online purchase, and delivery problems, when the product was either never received or was received later than promised (Meuter et al., 2000; Holloway & Beatty, 2003; Ozuem et al., 2017). Kuo et al. (2011) further decipher process issues, identifying technical incidents primarily with the leak of personal data and fraud incidents, and the delivery problems with product defect, companies' slow service, and out of stock goods. They find that customers perceive all failure types as being of high severity, with technical issues leading in the list. A majority of customers are prompt to develop expectations of the action the company should take to address the incident regardless of failure type (Schoefer & Diamantopoulos, 2009). The dominant literature explains recovery expectation in terms of the blame that the customer assigns to the company (Harris et al., 2006), the value that the service has for the customer, and time and money spent in purchasing the service (Wu & Lo, 2012).

The literature acknowledges the providers' usage of multifarious psychological and financial recovery strategies to rectify failures. The former include an apology, empathy, explanation, co-creation, downward social comparison, and customer self-recovery. The latter entail discounts, exchanges, and compensations (Weitzl & Hutzinger, 2017; Chen et al., 2018). As Ozuem et al. (2017) suggest, the recovery provision triggers customers' evaluation, which sets the foundation for the post-recovery behaviour. The dominant mediators of customers' recovery evaluation in the past research are the customers' trust in the company, the length of the recovery time, the number of failures experienced and the timeframe between them, the means of the recovery strategy provision, inclusive of recovery strategies provided to individuals (i.e. private recovery strategy) or a group of customers (i.e. public recovery strategy), and failure severity (Wang et al., 2011; Wu & Lo, 2012).



A growing body of literature proposes failure severity to be the main determinant of customers' recovery evaluation (Wang et al., 2011; Lai & Chou, 2015; Cho et al., 2017), showing customers' increased inclination to evaluate the recovery poorly when high severity failures are experienced, thus emphasising the providers' urge to avoid critical incidents. However, little in existing literature asserts what customers count as a critical failure. Tsarenko and Tojib (2012) report customers' emotional intelligence to expedite forgiveness of failure severity. Defining emotional intelligence as 'a set of abilities where intellectual reasoning allows emotional responses to direct an individual's moral and behavioural conduct' (p. 1218), the authors advance existing insight into empathetic customers' perception of service failure, but do not report when a recovery strategy provision is satisfactory to those with a lack of empathy.

Exit, complaint, and negative word-of-mouth are the main detrimental behavioural activities of dissatisfied customers (Bonifield & Cole, 2008). The satisfactory recovery strategy experience leads to customers' spread of positive word-of-mouth, enhanced loyalty and trust, and repurchase (Matos et al., 2007; Roggeveen et al., 2012). Researchers have traditionally asserted that usage of recovery strategies should reach the recovery paradox (i.e. a state whereby the satisfaction level after the recovery experience is higher than prior to the failure), avoiding the double deviation scenario (an increased level of customers' dissatisfaction with the recovery strategy) (Ringberg et al., 2007; Ozuem & Azemi, 2018).

Scholars have limited their research to specific phases. Choi and Mattila (2008) studied service failure occurrence, recovery evaluation and post-recovery behaviour. They associate the cause of service failure with the marketer, customer, or unknown factors; the greater the company's failure, the lower is customer satisfaction, tendency to future purchasing, and spreading of positive WOM. Additionally, Wu and Lo (2012) are concerned with the recovery strategy provision and recovery evaluation phases. They suggest that consumers dissatisfied

with the first recovery become involved in negative word-of-mouth and that their dissatisfaction rate is lower if they experience the second failure/recovery.

Researchers have also considered the recovery outcome in the context of consumers' perception of fair recovery provision. Smith et al.'s (1999) justice theory has been used. This has three components: distributive (recovery outcome), procedural (procedures utilised for recovery provision) and interactional justice (customer treatment throughout the failure/recovery process). Casado-Diaz and Nicolau-Gonzalbez (2009) associate distributive and procedural justice with a successful recovery strategy. Rio-Lanza et al. (2009) suggest that procedural justice has the greatest influence on customer satisfaction. Further, Wang et al. (2011) attribute the greatest recovery success to interactional justice. Contradictory findings across studies have left the literature with a gap in what consumers count as a fair recovery, and this reflects customers' heterogeneous stance in the failure/recovery process. A successful recovery for one customer would be an unsatisfactory recovery for another (Rust & Oliver, 2000; Matos et al., 2007).

Research effort on consumers' heterogeneity is evident. Singh (1990) developed a fourfold customer typology, grouping customers into:

- (1) Passive: customers who do not become involved in post-failure behaviour;
- (2) Voicers: customers who complain but are not involved in post-recovery behaviour;
- (3) Irates: customers who complain and become involved in post-recovery behaviour;
- (4) Activists: customers who engage in intense complaining.

Ringberg et al. (2007) suggested that customers are either:

- (1) Relational: customers interested in a good relationship with the provider regardless of the failure;
- (2) Oppositionals: customers who associate the provider with antagonists who want to benefit from them;

(3) Utilitarians: customers who weigh the losses from the failure with the benefit of the recovery.

Further, Schoefer and Diamantopoulos (2009) argued that customers are:

- (1) Positivists: evaluating the provider similarly as prior to experiencing the failure;
- (2) Negativists: pessimistic about the marketer's future performance, with the unsuccessful recovery leading to the double deviation effect;
- (3) Concerned: sceptical about repurchasing;
- (4) Unemotional: expressing no emotion during and after the recovery.

Singh (1990) and Schoefer and Diamantopoulos (2009) explained consumers' stance across specific variables such as loyalty and trust. Ringberg et al. (2007) provide a more comprehensive reflection on customer experience with the service failure and recovery strategy. Their main pointer is Hoch and Deighton (1989), whose implication is that the cognitive system of individuals is developed while the person is growing up, which then turns him or her into a cognitive conservatist (Ringberg et al., 2007). This means that customers' constructs of perception are a reflection of their subconscious. Their study does not address post-recovery behaviour and they seem to justify consumers' perception by their emotional stance alone. They also focus on the brick-and-mortar domain, leaving online services marketing literature with assumptive scenarios on failure/recovery.

We argue that a comprehensive conceptualisation of the online failure/recovery experience, inclusive of all failure/recovery phases and types of consumers, is reached if failure/recovery is examined as a joint experience between the provider and the customer. Thus, customer perception is influenced by interaction with and the behaviour of the provider. The framework developed on the grounds of such a holistic approach will facilitate a construct that approximates to the extant gap between the consumer's recovery expectation and the provider's recovery provision. Such a premise would lead to customer satisfaction, which has

a twofold content: first, it would cause customers to refrain from negative post-recovery behaviour, such as complaint, negative word-of-mouth, and exit; and second, it would increase customers' trust and loyalty to the company, and repurchase intent. More than half of the recovery practices lead to customer dissatisfaction (Casado-Diaz & Nicolau-Gonzalbez, 2009). This amounts to providers' million dollar financial losses. The holistic, contextually driven model would aid the company's recovery-strategy decision-making, optimising the usage of financial resources.

### **Methodology**

Due to the exploratory nature of this study, a social constructivist perspective was adopted using an inductive approach and a multiple case study strategy. Social constructivism identifies reality with a construction that locates the observer in the world (Young & Collin, 2004; Howell, 2013; Alvesson & Skoldberg, 2009). Constructivism points researchers in distinctive directions, virtually demanding answers to particular contextual questions (Gubrium & Holstein, 2008; Hoon, 2013; Amis & Silk, 2008). This study takes an inclusive view that social constructivists seek, at least in part, 'to replace fixed, universalistic, and socio-historically invariant conceptions of things with more fluid, particularistic, and socio-historically embedded conceptions of them' (Weinberg, 2008, p. 14). As Branthwaite and Patterson (2011) explain, holistic understanding is reached if research is carried out under no prior set limitation to direct participants' responses. To optimise conceptualisation, Yin's (2014) embedded multiple case study strategy has been utilised. Social constructivists support this, arguing that case study permits the generation of rich information about the customers' points of view, beyond realms of individualistic sights (Gubrium & Holstein, 2008; Patton, 2015). Further, multiple case studies allow generation of data from different settings, and this enriches conceptualisation of online banking customers' multifaceted failure-recovery experiences (Stake, 2000; 2006).

Two units of analysis are the provider and the customer, and these were chosen on the basis of judgment about which participants could provide the most relevant information; thus a purposeful sampling strategy was used (Howell, 2013). Data were collected in two Balkan countries, Kosovo and Albania. The sample consists of six bank managers (three per country) and 40 online banking customers (20 per country) (Tables 1.1 & 1.2). Only managers that had been with the company for at least sixteen months were interviewed. Managers with less experience would not feel comfortable to disclose organisational practices (Diefenbach, 2009). The criteria to select online banking customers were the experience of online service failures within less than twelve months. Service failure-recovery literature appreciates this as the screening principle to ensure customer experience recall (e.g. Ringberg et al., 2007).

Country	Collection Technique	Managerial Position
Case 1 Kosovo	In-depth interviews (3 bank managers)	(1) Head of Marketing (2) Head of Customer Services (3) Head of Front-line Employees
Case 2 Albania	In-depth interviews (3 bank managers)	(1) Head of Marketing (2) Head of Customer Services (3) Head of Front-line Employees

**Table 1.1:**  
Summary of sample and bank managers' characteristics

Country	Collection Technique	Occupation	Age	Gender
Case 1 Kosovo	Focus group 1 (5 online banking customers)	Art director	25-35	M
		Manager	25-35	M
		Programmer	25-35	M
		Teaching assistant	25-35	F
		Graphic designer	25-35	F
	Focus group 2 (5 online banking customers)	Project manager	25-35	M
		Executive manager/CEO	25-35	M
		Cameraman	25-35	M
		Graphic designer	36-50	M
		Financier	25-35	F
	Focus group 3 (5 online banking customers)	Executive director	36-50	F
		Executive director	25-35	F
		CEO	25-35	M
		Financier	25-35	M
		Project manager	25-35	M
	Focus group 4 (5 online banking customers)	Field coordinator	18-24	M
		Sales person	25-35	M
		Business owner	25-35	M
		Accountant	36-50	M
		Graphic designer	18-24	M

**Table 1.2a:**  
Summary of sample and online banking customers' characteristics

Country	Collection Technique	Occupation	Age	Gender
Case 2 Albania	Focus group 5 (5 online banking customers)	Financier	25-35	M
		Project manager	25-35	M
		Account manager	25-35	F
		CEO	25-35	M
		Editor	25-35	M
	Focus group 6 (5 online banking customers)	Accountant	Above 50	M
		Engineer	36-50	M
		Intern engineer	25-35	M
		Programmer	18-24	M
		Hairdresser	25-35	F
	Focus group 7 (5 online banking customers)	Secretary	25-35	F
		CEO	25-35	M
		CEO	25-35	M
		Project assistant	18-24	F
		Account manager	25-35	M
	Focus group 8 (5 online banking customers)	Programmer	25-35	M
		CEO	25-35	M
		Graphic designer	18-24	M
		Engineer	25-35	M
		Sales person	25-35	M

**Table 1.2b:**

Summary of sample and online banking customers' characteristics

The sample size follows Marshall et al.'s (2013) external justification criteria. Such criteria suggest that the chosen sample should lie within the recommended sample size of researchers from the same research area, and researchers of qualitative studies (pp. 12-13). Service failure/recovery literature reveals a sample size of 23-30 interviews (e.g. Ringberg et al., 2007; Ozuem & Lancaster, 2014), whereas 12-60 is the recommended sample size for qualitative researchers (Guest et al., 2006).

Empirical data were collected through semi-structured interviews with bank managers and semi-structured focus group interviews with online banking customers, consisting of eight focus groups with five individuals in each. A snowballing technique was used to select participants. One of the researchers' networks was used to arrange bank manager interviews. The first focus group for each country consists of customers that had been recommended by bank managers, who were drawn from bank databases of customers who had experienced service failure. In turn they then recommended customers for the other focus groups. This is in line with Robson's (2011) implications that familiar participants generate holistic explanations of phenomena and social actors' interaction. The interviews with bank managers took place in their offices, whereas focus groups interviews were carried out in venues (such as offices outside the banking environment) of the customers' choice. One of the researchers carried out the interviews with both the units. Social constructivists appreciate the inclusion of the researcher and the researcher-interviewee dialogue as a foundation to ensure that no shade of detail of the latter's experience is suppressed (Howell, 2013; Maxwell, 2013).

Fourteen and ten open-ended questions were asked to providers and online banking customers respectively (see Figures 1 & 2 for interview questions). Additionally, three closed-ended questions asked customers to reveal information about their age, gender and occupation, as variables that support conceptualisation of customers' contextual yet heterogeneous stances (Ozuem et al., 2008). Interviewees were asked about failure-recovery phases as occasions that



were specific and ordered. In-depth responses were emphasised and the episodic memory was reached in this way. Tulving (2002) identifies the episodic memory with the activation of one's 'neuro-cognitive memory system' (p. 103).

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- 1 Think of times when customers faced issues with on-line banking; could you tell me more about these incidents?
  - 2 You have mentioned the incidents that on-line customers have faced; could you tell me how the bank became aware of them?
  - 3 Could you tell me more about customers' behaviour and their requests towards the bank when the incident happens?
  - 4 You mentioned customers' reactions and requests; could you tell me more about what influences them?
  - 5 Could you tell me more about the actions that the bank takes to fix the problem?
  - 6 Could you tell me more about how the bank decides on how to fix the problem (what actions to provide)?
  - 7 Could you tell me more about how customers assess the actions that the bank takes to fix the problem?
  - 8 Could you tell me more about the criteria that the bank uses to identify if the customer is happy with the bank's recovery actions?
  - 9 Could you talk more about some of the reasons that customers are not happy with how the bank fixes the problem?
  - 10 Could you tell me more about the customer relationship with the bank after the incident is fixed?
  - 11 Could you tell me more about the risk that the bank encounters from unsuccessfully fixing on-line services incidents?
  - 12 Could you explain the customer interaction and communication through social media (e.g. Facebook, Twitter)?
  - 13 Could you talk about any possible training programme that the bank has either to overcome incidents on on-line services or in providing satisfactory recovery actions?
  - 14 Is there any further information you would like to add to the discussion?
- 

**Fig 1:**  
Interview Guide / Bank Managers

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- 
- 1 Please state your age:
    - a) 18-24
    - b) 25-35
    - c) 36-50
    - d) Above 50
  - 2 Please state your gender:
    - a) Female
    - b) Male
  - 3 Please state your occupation:
- 
- 4 Think of a time when you could not use an on-line banking service as you have planned; how do you explain the incident?
  - 5 You mentioned what the problem in using the on-line banking was; could you walk me through details from the moment the incident happened to when the bank became aware of the incident?
  - 6 You mentioned that the bank became aware of the problem; tell me about the actions that the bank took to fix the incident.
  - 7 You talked about the bank's action after the incident; could you tell me how did you assess these actions?
  - 8 You mentioned your evaluation of the bank's actions; could you tell me what should the bank have done to make you happy?
  - 9 Think back to the time prior to the incident; could you tell me more about your relationship with the bank prior to the incident?
  - 10 You talked about the prior relationship; tell me about your relationship with the bank after the incident.
  - 11 Did you use social media (e.g. Facebook, Twitter) to communicate with the bank or to complain about the failure that happened? If yes, please explain (do you message, write on wall etc).
  - 12 Could you tell me how you explained your experience with the bank to others?
  - 13 Is there any further information you would like to add to the discussion?
- 

**Fig 2:**  
Interview Guide / On-line Banking Customers

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Clarification notions were used across the interview questions of both units. These are notions such as *think back to the time*, *think of a time*, *you mentioned that*, and *you talked about* (Roulston, 2010) as bases to support past experiences recall. Interview questions for customers were constructed in the past tense (Maxwell, 2013), with a foundation in Stake's (2006) *issue questions*. The former ensures recollection of past experiences, and the latter directs the participant towards a critical reflection on the experience. Acknowledging the difficulty of managing interviews with well-positioned people in an organisation, 'tactical questions' were used throughout the interviews with bank managers (Diefenbach, 2009). Such questions are a rewording of initial questions used to accommodate varying responses from bank managers

who showed great interest in sharing their past experiences in terms of failure and recovery strategies. For example, ‘*Could you explain the customer interaction and communication through social media (e.g. Facebook, Twitter)?*’ is the tactical question for the question ‘*Could you explain customers’ complaints on social media?*’. In line with Ozuem and Azemi’s (2018) suggestion to validate the interview, questions for both bank managers and customers were first discussed with four online failure-recovery strategy experts (i.e. two practitioners and two researchers). The refined versions were used in a pilot interview with three bank managers and a focus group of five online banking customers.

## **Analysis**

Data were synthesised using thematic analysis and the grouped participant responses were converted into codes that were considered to be the most frequently used words throughout interviews (Braun & Clarke, 2006). Gomm (2008) articulated that ‘thematic analysis’ is a version of content analysis that is usually inspired by the theoretical ideas espoused by the analyst. In line with leading papers on online services that have used social constructivism (Ozuem et al., 2016; Quach & Thaichon, 2017), data analysis began as a two-phase process. First, we analysed bank managers’ responses, followed by those of online banking customers. Codes for each unit of analysis were developed separately (Yin, 2014). Second, our codes for online banking customers were grouped into themes based on our understanding of extant literature on service failure and recovery strategies. As the iteration of data analysis continued, research interpretations generated two major themes: professionalism and mutual withdrawal and disengagement (Table 2).

Codes from bank managers were similar to those of customers. They reveal stories embedded in the themes generated for online banking customers, leaving no logic to have separate themes for them. As Ozuem et al. (2016) imply, for social constructivists the experiences are jointly constructed, and themes identified in one of the research units represent

the stance of the other unit. As such, codes from bank managers are read as integrative parts within data analysis of customers, supporting conceptualisation of failure-recovery as a joint experience between providers and the heterogeneous customers. In the context of the bank managers, no new code was evident after the fourth interview, although some insight generated from other interviews helped the researcher to situate the personal voices into codes and to generate themes. The data saturation point during the focus group interviews was reached after the third focus group (i.e. the 15<sup>th</sup> interview).

Themes	Codes	Respondents' Words
Professionalism (Providers' capability to control online banking failure and recovery strategy experience)	Failure's origin	Payment didn't go through, Didn't get the product, Delay in money return, No support of online banking in mobile devices, Irresponsive webpage, Fingerprint, SMS, Interface, User experience, Token, Wrong password, Mobile network, Inactive online banking account
	Employees' decision power	Directed to others, Wait, Long process, Visit the bank
	Employees' adequate knowledge	Excuse, Explain, Ability to respond professionally, Directed to others
	Employees' adequate behaviour	Apology, Communicative, Patient, Understandable
	Matching recovery	Responsibility, Penalty, Cost, Loss, Deserve
Mutual Withdrawal and Disengagement (Customer's immediate involvement into post-recovery activities as revenge to the provider)	Decline of online banking usage	Reduced, Need
	Switch to new providers	Banks are alike, Lot of work to switch, Cooperation agreement
	Spread of offline and online negative word-of-mouth	Complaining, Telling others, Twitter, Facebook

**Table 2:**

Professionalism & Mutual Withdrawal and Disengagement: Generated themes from online banking customers

**Professionalism** refers to the provider's capability to control online banking failure and recovery strategy experiences (Stevenson, 2007). Customers suggest that the provider, rather than the customer, is the one to predominantly generate failure. A male art director explains failure as follows:

*I needed to do a transaction within 15 minutes, and I did not have a computer with me. I have used the [name of the bank] for e-banking, and the problem was that the bank did not support e-banking in the mobile device. The website was not responsive.*

This highlights the tendency of customers to use online banking to capitalise on the opportunity to save time. This is illustrated by the respondent's emphasis of the time limit (i.e. 15 minutes) to make the payment. A male business owner/CEO sees banks' security measurements as poor features that can lead to service failure:

*[Bank's name's] interface is so bad – no user experience, I do not like it. Also, they don't have it with the token but, I don't know, with some numbers. I want all the authentication options available, so at least one of them can work, including token, SMS, and the fingerprint.*

The business owner/CEO associates security measurement with security numbers that customers must write down to login to the online banking platform. He indicates that this form of customer authentication is not user-friendly, implying that it is a source of dissatisfaction in online banking experiences. A male cameraman customer illustrates the emergence of failure as follows:

*Payments didn't go through. It even happened that the payment was made, I did not get the product. The money was returned only after 2-3 weeks. Perhaps there were mobile network problems.*

This reveals two types of failure: (1) the prolonged payment time; that is, a failure throughout the process of online banking; and (2) the product was never received despite the payment being made. Further, this respondent emphasises a failure in recovery, which is that of the delay in receiving money. He also talks about the mobile network as a possible cause of failure. A hairdresser talks about a failed attempt to use online banking, subject to 'inactive account', as reported in the following:

*The account was inactive.*

Regardless of the origins of failure, customers expect an immediate response, as emphasised by the following male customer relationship manager:

*I remember when the online banking account of the institution got blocked because we tried to login with the wrong password. That happened on Friday, and it was very surprising that we did not have any support on Saturday. Though it was our fault, the bank should have helped us. We phoned the IT department, the security department of the accounts' databases. The response that employees gave to us was ... in fact they just directed us to call for help from one person to another. In the end, we were told to wait until Monday. It was very surprising the way they cared about an institution. It was really bad, the institution needed to make payments on that same day.*

The customer relationship manager respondent recalls an experience of failure caused by the customer. He was quick to inform the bank about this failure. Perhaps this was because he had to use online banking within a short period of time. This is in line with an online banking manager who stated that 'customers either visit or call the bank when experiencing failures'. However, the customer seems to be dissatisfied with the support provided, which he saw as superficial and poor since he was passed around a number of service providers over the phone. The bank employee he encountered had limited power to initiate service recovery. Further, this implies that the power of employees is granted according to their hierarchical position, limiting the recovery power of employees at lower levels. Allocation of employees' power is reported by a bank manager, in the following:

*Front-line employees have limited power, and we have policies that show who has the ability to deal with online failures, which sometimes can be a long process.*

Additional explanation of employee behaviour as a response to a male programmer is illustrated in the following:

*It is not my fault, but we have some technical issues. Yes, but I don't care whose fault it is. I do not need excuses. I need a professional response. It is banks' responsibility. I had to walk to the bank for something foolish. I don't care at all whose fault it is. And the main problem is that no one gives an apology for time spent. It happened that I had emailed, called, complained through social media – and that is time-consuming for me.*

The programmer suggests employees assign a fault to someone else, and he is consequently dissatisfied. This customer is not concerned with the origin of the failure. Rather, he seeks a prompt recovery. He believes that employees should be careful with the time that the failure/recovery experience takes. He suggests an apology for wasting time is appropriate. Another respondent, a male engineer, said:

*They have never apologised to me, however they have explained the recovery process.*

This would suggest that the employees in the scenario did not apologise for the time spent tackling the issues, or for the issue itself. It is apparent that an apology is not part of working practice. Some service providers can in fact be rude to customers. In addition, another customer, a female graphic designer, perceives employee behaviour as follows:

*Perhaps they should be more communicative and patient because it happens that clients always ask for an immediate solution to the problem. Perhaps, even the one who works in the bank wants to provide an immediate solution to the problem. However, since customers are different to one another, perhaps some of them do not understand what the problem is. That is why employees should be patient and understanding.*

Customers seek a recovery that matches their failure evaluation and recovery expectation. The following response of an accountant encapsulates this.

*I have to make sure that I get what I deserve. I do not want to get penalised, and lose money, particularly if the bank is responsible for the failure – my cost in the failure should be addressed.*

**Mutual withdrawal and disengagement** refer to customers' immediate involvement in post-recovery activities as revenge against the provider (Stevenson, 2010). A male customer relations manager acknowledged this during an interview:

*From the incident I had, I did not think of using online banking as I used to. Actually, I have used it again because of the limited time I had, but I can say that I have reduced the use of online banking by 50 per cent. Anyway, I want to use online banking when I am in meetings and when I have no time to go back to the office. I need online banking. It is impossible to use it because of incidents. Since the incident, I have halved the use of online banking. I wanted to completely switch to another bank, however all banks are alike. Hence, I have decided to collaborate with two banks. Moreover, I have a signed agreement with the bank that I am talking about for other bank products.*

It seems that after the incident, the customer was no longer motivated to use online banking. However, necessity has forced him to utilise it. It appears that he uses multiple banks to ensure that he would have a successful online banking usage. A bank manager who stated that 'some customers are dependent on online banking because of the job they do, while others are less sensitive towards failure as they use online banking for purposes unrelated to their occupation' emphasises the necessity for online banking. Additionally, findings suggest that when unsatisfactory recovery is experienced, customers become involved with negative word-of-mouth. The following male accountant illustrates this:

*I have also complained to others quite a lot.*

By using the word 'also', the customer reveals that he is not the only one involved in negative word-of-mouth exchanges. This implies that a large number of customers tell others about negative failure/recovery experiences. Another customer, a male programmer, explains the commitment to engage in negative word-of-mouth:



*To tell other people about my unsatisfactory experiences? Yes, always. I know for sure that banks could have managed my failure.*

This suggests customers' unquestionable involvement in negative word-of-mouth.

The data also reveal customer involvement in negative word-of-mouth exchanges across both offline and online environments. The former seems to dominate the latter. In the context of online environments, social media such as Facebook and Twitter are the media used the most. A male project manager illustrates this as follows:

*I complain on Facebook and Twitter all the time.*

This respondent explains the frequency of his involvement in online negative word-of-mouth exchanges. Based on his response, some customers tell others about negative experiences whenever possible.

## **Findings and discussion**

The online customers' responses revealed nuances of differentiation across their construct of failure/recovery perception. Supported by bank managers, the diversity is explained by the customers' occupation status. Azemi and Ozuem (2016) report on the foundation of customers' contextual perception construct in relation to their jobs. This study has organised online banking customers into a threefold typology:

- 1) Exigent customers – customers for whom online banking is a necessity;
- 2) Solutionist customers – customers for whom online banking facilitates operation;
- 3) Impulsive customers – customers for whom online banking is a luxury.

It is evident that customers' failure perception, recovery expectation and evaluation, and post-recovery behaviour are developed in relation to their position in the group type. Exigent customers are gurus of digital marketing-related jobs (e.g. programmers) and higher managerial position jobs (e.g. CEOs, executive managers). The functioning of their organisations depends on their use of online banking services. However, impulsive customers

are novice employees, released from organisational responsibilities related to online banking (e.g. graphic designers). Although not frequent users, subject to limited purchasing power, 'personal wants' explain online banking usage amongst impulsive customers. The job positions that are within the continuum of exigent and impulsive customers' occupations are attributed to solutionist customers. Solutionist customers, e.g. accountants, use online banking to facilitate the operation of their organisations.

Exigent customers' acknowledgement of customer faults in relation to the origin of the failure does not set them apart from a self-centred setting. For these customers, the failure/recovery responsibility is embedded within the provider. This is in line with Choi and Mattila (2008) who associate the origin of the failure with the marketer. This also situates them closer to Ringberg et al.'s (2007) oppositional customers. While Ringberg et al.'s (2007) oppositionals associate unsatisfactory recovery with a provider's goal to achieve personal gain, exigent customers focus more on their endeavour to optimise advantages inherited in the digital media. This explains their high sensitivity and criteria to define a failure, i.e. an enhanced risk of deviation from what they have expected to gain from the bank's online banking in general and in the failure/recovery experience in particular. An example is the exigent customers' perception of the user experience as a possible generator of online banking failure. Neither solutionist customers nor impulsive customers identify the origin of failure as being the UX (user experience). However, Ryan's (2014) notion that the perception of user experiences is explained on the basis of one's emotional stance justifies the discrepancy of exigent customers from the other two. Exigent customers have extensive knowledge of digital media, inclusive of online banking. Castaneda et al.'s (2007) explanation of intrinsic and extrinsic motivations further supports their perception of the UX. Castaneda et al. (ibid.) assign a holistic evaluation of user experience to experienced customers.

Authentication is the other element that exigent customers use to explain the origin of failure. Exigents advocate a threefold authentication set (i.e. token, SMS, and fingerprint), suggesting that if an authentication option fails to work, another option would be to seek a prompt recovery strategy. This supports existing literature, which reports customers' rigorous evaluation of authentication options as means to avoid fraud incidents (Kuo et al., 2011). Further, exigents expect that the provider will facilitate usage of online banking in mobile devices, associating irresponsive accounts with a failure. Regardless of the failure type, exigent customers seek a prompt recovery. Their post-failure behaviour is explained with theoretical insight from multidisciplinary grounds, overcoming the dominance of deductive methodologies in existing failure/recovery literature. Indeed, the utilisation of multiple theoretical grounds in extant studies as a means to conceptualise the customer, such as those of role theory, utility theory, and justice theory (Solomon et al., 1985; Wirtz & Mattila, 2004; Ringberg et al., 2007; Rio-Lanza et al., 2009) supports the interdisciplinary explanation embedded within the present study.

As we have stated that they have extensive knowledge of the digital environment and of online banking, and that they assign failure/recovery responsibility to the provider, exigent customer behaviours seem to have their roots in expectation and blame theory. This is consistent with Zhu et al.'s (2013) explanation that the greater the knowledge of the service, the higher the expectation of recovery is. However, exigent customers assign blame for failure and recovery to the provider, subject to their perception that the cyber environment provides extensive opportunities to avoid failures in general and to provide prompt recoveries in particular. The presence of the blame mediates the customers' enhanced recovery expectation (Harris et al., 2006).

According to exigent customers, recovery should be granted within the cyber environment. However, being in a transition process, providers seem to lack the resources that

could facilitate this. If an online recovery is provided, exponents perceive that they have been fairly treated by the company. Existing literature implies that procedures utilised in the failure recovery process are vital to customers' assessment of fairness in the recovery provision (Casado-Diaz & Nicolau-Gonzalez, 2009; Rio-Lanza et al., 2009). With customers' notification of the failure, the virtual experience turns into an offline one. Exigent customers use numerous communication means to make the provider aware of the failure, such as visiting the bank, email, social media, and phone. As they value the effective use of time above all else, the latter criterion dominates their means of communication. This endorses prior research that posits time as the dominant mediator of customers' recovery evaluation (Wang et al., 2011; Wu & Lo, 2012). The real-time communication inherited in social media is the master of the 21st century digital environment, suggesting a facilitation of provider-customer interaction (Barwise & Meehan, 2010; Gu & Ye, 2014). However, at this particular stage, due to the limited presence of providers on social media, exigent customers do not seem to capitalise on such an advantage. As Felix et al. (2016) imply, social media should become an inclusive part of strategic marketing programmes, so that the company that uses social media as a form of communication with customers and others becomes an explorer.

Exigent customer behaviour is greatly explained by the frustration-aggression theory of Dollard et al. (1939). Exponents experience frustration when failure occurs, and undergo an increase of it with the transmission of the experience into the brick-and-mortar domain. The transcending of frustration into aggression is mediated by the employees' recovery decision power, knowledge and behaviour. Theoretical insight into the role of employees within the failure/recovery experience seems to have its roots in Solomon et al.'s (1985) study, which on grounds of role theory highlights the role of employee recovery responsibility.

Breakthroughs in such a context have embedded interactional justice and procedural justice as the dominant foundations of the role of employees (e.g. Kau & Loh, 2006; Rio-Lanza

et al., 2009; Choi & Choi, 2014). Interactional justice is defined as the way in which an employee deals with a customer, whereas Smith et al. (1999) suggest that procedural justice consists of regulations to grant recovery (Wirtz & Mattila, 2004). In this study, written policies mediate the stance of employees throughout the recovery.

The source of aggression in exigent customers is the limited decision power of the first contacted employee. The digital environment no longer seems to permit a strict structural organisational hierarchy such as that of Mintzberg (1980), where the managerial and the employee roles are strictly defined. In their ‘employees’ online usage’, Van Zoonen et al. (2014, p. 150) note the centrality of employees using personal social media accounts to promote and communicate the company to others. This implies the emergence of personal-formal contents, creating a fast-paced environment that is changing the extant classical perception of recovery in the subconscious of customers. That is, ‘immediateness’ has become the rule of law for many. This study identifies these observations amongst exigent customers. The inherited risk in the digital environment of viral negative communication (Gu & Ye, 2014; Gruber, et al., 2015) requires enhanced employee knowledge. As Ott and Theunissen (2015) note, employees should be capable of answering customers’ questions; otherwise an inappropriate response might generate dialogue in disfavour of the company. In the context of the present study, if employees do not acquire adequate knowledge, the anger within exigent customers increases.

Having stated that aggression emerges if harm is experienced (Dollard, et al., 1939), the harm caused by the delay of recovery responses subject to limited employee knowledge justifies the anger felt by exigent customers. A further increase of aggression occurs in the face of inappropriate employee behaviour. Interactional justice seems to be the dominant theory in existing literature to explain employee behaviours, which in the broadest terms is identified with a positive attitude towards customers (Wirtz & Mattila, 2004; Rio-Lanza et al., 2009;

Wang et al., 2011). However, as Hobson (2012) implies, the advent of digital media has situated employees in an uncomfortable zone increasing their fear of mismanaging the disadvantages inherited in it. This suggests a greater risk of unconscious employee misbehaviour. Existing literature situates employee behaviour and recovery strategies within the same continuum (Kau & Loh, 2006; Choi & Choi, 2014). This study identifies three recovery strategy types to develop the service recovery paradox for exigent customers, which are the co-creation recovery strategy, customer recovery strategy, and prompt compensation recovery strategy.

Exigent customers' stances within the former two appear to have their roots in role theory (Solomon et al., 1985), which suggests that responsibility for recovery is equally spread across the provider and the customer. Having stated that online banking customers often have no option but to notify the provider about perceived failures, co-creation might be the only recovery option available. This alone detaches exigent customers from role theory. However, the fact that exigent customers are happy to construct a recovery themselves validates the linkage between exigent customers and role theory. Exigents' satisfaction with co-creation is a response to extant insight that posits co-creation as the origin of customers' dissatisfaction with the recovery (Roggeveen et al., 2012). Many studies have associated apology with an effective recovery strategy (Bell & Zemke, 1987; Ringberg et al., 2007). In the context of online recovery, the implication that an apology is effective if the customer perceives it as sincere is evident (Barwise & Meehan, 2010). However, for exigent customers an apology is just a supplementary recovery strategy to control aggressiveness within a limited period of time. This resonates with Miller et al.'s (2000) suggestion that an apology is well perceived if provided together with compensation.

Explanation and downward social comparison strategies situate exigent customers in the double deviation scenario. The disapproval of the two is explained by their extensive

knowledge of the digital environment and online banking. There is theoretical insight that highlights satisfaction generated by these theories (e.g. Bonifield & Cole, 2008). However, exigent customers perceive the two as techniques used by the provider to superficially overcome failure responsibility. If exigent customers are dissatisfied, they use both offline and online environments (i.e. social media platforms) as a means of revenge. Offline negative word-of-mouth has been examined on multiple grounds, explaining the customer's subsequent anger (Bougie et al., 2003), dissatisfaction with recovery strategy (Zeelenberg & Pieters, 2004), and recovery expectation (Choi & Mattila, 2008). The rationality (i.e. experience of unsatisfactory recovery) of online complaints seems to be the focus of extant studies in online word-of-mouth (Kietzmann et al., 2011; Gu & Ye, 2014).

This study extends existing insight, revealing the trigger factor of the online complaint. In this context, knowledge of the digital environment inclusive of online banking is a factor that motivates exigent customers to utilise social media platforms. They use Twitter and Facebook to spread negative word-of-mouth, exhibiting a preference for the former. Exigent customers are largely male. Einwiller and Steilen's (2015) suggestion that complaints on Twitter are dominated by males and those on Facebook by females supports the exigent preference for Twitter. Subject to their dependence on online banking, exigent customers cooperate with numerous providers. However, with the experience of failure inclusive of dissatisfaction with recovery from a particular bank, exigents allocate the frequency of online banking use to other banks that have provided them with a satisfactory experience. The similar online quality of services embedded within banks hinders exigent customers' allocation of cooperation to a specific bank.

This study situates solutionist customers as less demanding than exigent ones. Solutionist customers have constructed the fourfold failure typology, which is greatly mediated

by financial loss. Managing secondary tasks in the context of monetary value as the rationale to use online banking justifies this. The typology includes:

- (1) Prolonged payment time;
- (2) Failure in product provision;
- (3) Delay in money return, which inclusively lead to financial loss amongst customers.

The roots of empathy seem to be in the inherited cultural features or subconscious within the solutionist's mind. These lay the foundation for the fourth failure type, namely failure of mobile networks, extending existing evidence on the failure-service types (Kuo et al., 2011; Ozuem et al., 2017). A synthesis of literature identifies a failure to receive online purchased products after problems with technology are experienced, including website design, as the second most frequent failure type in online services (Meuter et al., 2000; Holloway & Beatty, 2003). Further, problems with money transfer have received scholarly attention (Holloway & Beatty, 2003), leaving the delay in money return and the failure of a mobile network with limited theoretical insight.

In contrast to exigent customers, whose stance within the failure occurrence stage is explained by expectation theory (Zhu et al., 2013) and blame theory (Harris et al., 2006), solutionist customers are less firm in allocating failure/recovery responsibility to the provider, detaching the self from the two. However, as with exigents, solutionist perceptions of employee behaviour are explained by the frustration-aggression theory of Dollard et al. (1939). Solutionist customers become frustrated with failure arising when they have experienced relief from the employee's explanation that the recovery will soon be provided by the responsible person. They trust that they will soon be provided with a recovery. The employee's explanation also seems to moderate solutionists' perception of the failure criticality. This supports existing literature that acknowledges failure severity as the dominant determinant of recovery evaluation (Wang et al. 2011; Lai & Chou, 2015). The awakening of aggression in solutionist



customers in cases of inadequate employee knowledge and/or behaviour validates this. This alone detaches solutionist customers from antagonists identified as activist customers as described by Singh (1990), oppositional customers described by Ringberg et al. (2007), and negativist customers described by Schoefer and Diamantopolous (2009). Trust dominates the antecedent list of explanatory elements in customers' failure/recovery perceptions in extant positivistic studies (Kau & Loh, 2006; Hui et al., 2011), suggesting a positive relationship between trust and customers' satisfaction with recovery. Having identified that solutionist customers' satisfaction increases if, in addition to explanation, an apology is granted, the latter seems to enhance solutionist customers' trust, overcoming the perceived risk of reducing their online banking usage.

However, compensation is the requisite recovery strategy to generate the service recovery paradox for solutionists. Within this phase, solutionist customers are similar to utilitarian customers and are explained by utility theory (Ringberg et al., 2007), suggesting that customers evaluate what they have lost from the failure against their gains from recovery. Having used online banking to manage time by completing online the tasks that are of secondary monetary value for the company, solutionists seem to associate compensation with the successful management of the company's tasks in general. Service failure/recovery strategy literature has traditionally examined compensation on the basis of justice theory, revealing customers' perceptions of compensation as a strategy of fairness (Miller et al., 2000; Wirtz & Mattila, 2004; Choi & Choi, 2014). Many studies have implied that compensation generates additional cost to the company, offering insight into strategies that might replace compensation, such as the downward social comparison strategy (Bonifield & Cole, 2008), co-creation strategy (Dong et al., 2008), and customer recovery (Zhu et al., 2013). However, the present study suggests that in the context of solutionist customers, compensation should be perceived as a long-term strategy to retain customers and to generate profit.

The highest peak of dissatisfaction (i.e. a double deviation scenario) occurs if solutionist customers are dependent on self-recovery. Although they understand how online banking operates, they seem to lack knowledge about the usage of features within the online environment to recover from the incident. As Zhu et al. (2013) explain, customers get involved in self-recovery if they expect a successful recovery from their involvement. When dissatisfied with the recovery, solutionist customers spread negative word-of-mouth, using both offline and online means of communication. The frequency of use is dominant in the former, implying the empathy that solutionist customers have in mind. Choosing to limit the level of harm that they can cause to the provider, solutionist customers seem to understand the risk that online negative word-of-mouth has in turning minor incidents into severe ones (Kietzmann et al., 2011; Gruber et al., 2015; Ott & Theunissen, 2015). In contrast to exigent customers, solutionist customers prefer to complain through Facebook instead of Twitter. Yet, as with exigent customers, solutionists cooperate with new providers when facing unsatisfactory failure/recovery experiences. However, in such circumstances, solutionists reduce their overall use of online banking, favouring offline means of transactions instead.

Impulsive customers utilise online banking for personal use. Their limited purchasing power due to their low-paid job positions explains their rare use of online banking. Consistent with existing evidence that low-income people are more emotional (Piff et al., 2010), impulsive customers take the opposite stance of antagonist customers (Singh, 1990; Ringberg et al., 2007; Schoefer & Diamantopolous, 2009). Impulsive customers are detached from a conscious judgment. That is, different from exigents and solutionists, their perception is a reflection of the subconscious (Ringberg et al., 2007). The extant theoretical insight into rationality of judgment inclusive of utilisation of gain from the recovery vs. loss from the failure evaluation (e.g. Ozuem & Lancaster, 2014) does not correspond with impulsive customers' attitudes and behaviour. Congruent with Tsarenko and Tojib's (2012) premises, impulsive customers

disregard the severity of the failure, posing an empathetic evaluation towards the provider. The dominance of the subconscious in impulsive customers is also supported by the limited knowledge that they have of online media inclusive of online banking. This synopsis has explicitly directed impulsive customers towards identifying failure occurrence with the single yet fundamental failure type of inactive online banking accounts.

Similar to exigents and solutionists, impulsive customers initiate recovery. This alone contradicts extant theoretical insight that highlights the existence of customers with absolute ignorance of failure and recovery (Singh, 1990; Schoefer & Diamantopolous, 2009). According to this study, customers are heterogeneous in their perception and evaluation of online failure/recovery experiences, but they all seek failure recovery. This is supported by the nature of the Internet, which has overcome features of intrinsic personalities, motivating individuals to bring out their very personal traits (Barwise & Meehan, 2010; Gu & Ye, 2014; Azemi & Ozuem, 2016). That is, the digital era exceeds the fundamental threat to failure/recovery experiences, that of the provider being unaware of the failure (Hui et al., 2011). Impulsive customers are satisfied with employee explanations, even if these provide no realistic solution to the problem. They trust that providers would like to grant a satisfactory recovery as much as customers demand it. Trust, as an antecedent of the failure/recovery experience, is considered fundamental to evaluating the quality of online services (Wolfenbarger & Gilly, 2003; Parasuraman et al., 2005; Tshin et al., 2014). This suggests that the higher the customers' trust, the lower the service quality expectation would be. As Bell and Zemke (1987) identified the failure with deviation from customers' expectations, trust seems to support impulsive customers' identification of the failure with a single failure type (i.e. an inactive online banking account), and an empathetic stance towards the provider.

An enhanced satisfaction stance (i.e. the service recovery paradox) is evident if impulsive customers receive, together with an explanation, one or more of the three following

recovery strategies: apology, empathy, and a downward social comparison recovery strategy. Customers' inclinations towards empathy outweigh satisfaction with any of the fourfold recovery strategy packages (Miller et al., 2000; Wirtz & Mattila, 2004; Ringberg et al., 2007). In addition, there is theoretical insight that customers' perceptions of apology lead to loyalty (Ringberg et al., 2007). In the context of this study, impulsive customers are loyal to providers unless someone close to them, such as family or friends, warns against switching to other online banking providers. Zhou et al. (2014) explain the impact of other customers on recovery evaluation in the context of social impact theory, suggesting that if customers are close to one another they are happy with public financial recoveries. This line of thought identifies impulsive post-recovery behaviour with social impact theory. Indeed, digital marketing directs individuals to socially constructed failure/recovery experiences, increasing the influence of customers over one another. This presents problems for the provider. It suggests that although impulsive customers share empathy for the provider, if their perception, as inherited features in the subconscious, is closer to other individuals' unsatisfactory experiences rather than to the provider, they might choose the former over the latter as an indicator to become involved in post-recovery behaviour.

### **Managerial implications and future research**

Findings suggest that both technical aspects of online banking services and the experience customers get from the online banking platform interface are of the high importance to the customer. This implies that online failure typology should be considered from the outset by the IT, Development, and Marketing departments to enhance online banking services. In addition, findings suggest that customers evaluate the provider on the basis of its employees in the threefold context of employees' decision power, employees' adequate knowledge, and employees' adequate behaviour. This calls for the spreading of recovery power across different

managerial levels, inclusive of first-line employees, which would overcome the extant providers' isolation of recoveries to specific individuals.

Spreading decision power to front-line employees does not come without risk. To mitigate these, employees should have adequate knowledge of online banking in general and of failure/recovery in particular. It has been identified that the online banking industry is still taking shape, and employees lack the requisite knowledge of the phenomenon, so employees should go through intensive training programmes. Rather than an informative module, due to customers' sensitivity towards online banking, training programmes should consider the behaviour of employees. Since employees in general seem to be used to traditional rather than digital services, changing their stance from the former to the latter might take time regardless of the training programmes provided. Therefore, employing online banking experts as key people to guide front-line employees seems necessary. Banks could use these experts to develop an online banking customer relations department. The necessity for online banking in general calls for extant budgeting to be revisited, and to expand investment into such provision is urgent.

Further, this study identifies post-recovery behaviour with three customers' activities:

- (1) Decline of online banking usage;
- (2) Cooperation with new providers;
- (3) Spread of negative online and offline word-of-mouth.

This suggests that the customer service department should examine customer failure/recovery experiences in cooperation with other banks to better understand the failure/recovery experience. Customers highlight the use of both Twitter and Facebook. This suggests that banks should develop into the digital marketing sector, which will expand their presence in social media platforms and will offer a means to manage online customer communication through recovery.

The interface issues emphasised by exigent customers could be avoided on the basis of the twofold strategy. First, banks should provide multiple authentication tools (i.e. SMS, token, and fingerprint), and second, the website in general and online banking accounts in particular should ensure a sound user experience. Further, exigent customers are happy with the co-creation recovery strategy, customer recovery strategy, and prompt compensation. Banks could use customer recovery strategies as an effective recovery strategy to overcome financial expenses generated by compensation from a bank. Neither explanations nor downward social comparison should be used when dealing with exigents. To be able to manage viral complaint encounters, banks should have a digital marketing department, i.e. employees who provide online communication and recovery respectively in real time.

On the other hand, providers could avoid failure for solutionist customers if:

- (a) They provide platforms that permit a fast money transfer;
- (b) Give prompt money return;
- (c) The product purchased is neither delayed nor cancelled.

This study recommends a threefold recovery strategy set inclusive of explanation, apology and compensation for solutionists. They seem to be happier with the latter; however, if explanations and apologies are used together, nearly the same satisfaction levels would be reached. Similar to exigent customers, solutionist customers use both Facebook and Twitter to spread negative word-of-mouth. Again, we recommend development of a digital marketing department that would deal with such issues. Self-recovery should be completely ignored when dealing with solutionists. We advocate explanation as the golden recovery rule for impulsive customers. However, apology, empathy, and downward social comparison recovery should be used to enhance the societal relationship with them. It is important to note that customers could move from one group to another. As we have stated that the customers' occupation status defines the stance of customers within the group, the recommendation is that banks regularly

follow their customers' job position. This will allow them to allocate customers within the typology and to understand their movement from one group to another. Such information will provide the foundation to effective and efficient use of recovery strategies.

It is recommended that future research should use ethnography as a means to closely understand the customer and provider relationship throughout the failure/recovery experience. The usage of a longitudinal instead of the cross-sectional study is suggested as a means to detect customers' changes in their recovery perceptions and evaluations across time, inclusive of cases when they experience multiple failures. Generalisability of the threefold customer typology would be further understood if future research examined them in online banking in other developed and developing countries. Further, empirical testing of the threefold customer typology in e-commerce as one of the dominant business forms with limited subjective explanation of customers would enhance services marketing literature. Findings have suggested that as online banking customers might move from one customer group into another, future research could examine customers in such a context.

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